

June 9, 1986

REPORT TO THE HONORABLE

DEPUTY MAYOR AND CITY COUNCIL

CALIFORNIA PUBLIC INTEREST RESEARCH GROUP (CALPIRG)

CITY ATTORNEY CONSUMER FRAUD UNIT: OVERLAP OF FUNCTIONS

On June 4, 1986, the Public Services and Safety Committee asked the City Attorney to report what "overlap," if any, exists between the functions of the City Attorney's Consumer Fraud Unit and the California Public Interest Research Group (hereafter referred to as CALPIRG).

According to Nancy Rader, program director of CALPIRG San Diego, three major functions are performed by her organization. In outline form, they are as follows:

1. Publication of CALPIRG Reports

These reports, produced in a newspaper format, address such topics as goods and services price comparison surveys and private consumer rights and responsibilities in the marketplace. The stated purpose of these reports is to encourage seller competition in order to reduce prices, and to encourage consumers to "shop around" before buying in order to realize maximum savings.

The Consumer Fraud Unit, on the other hand, publishes no similar periodical. Information emanating from the Consumer Fraud Unit is limited to press releases regarding individual lawsuits or criminal prosecutions pending or settled, the purpose of which is to notify members of the public who may have been victimized by a named defendant, and to deter others who may be similarly inclined to engage in the prosecuted activity.

2. Telephone Hotline

Telephone inquiries are apparently handled on a daily basis by CALPIRG, providing answers and assistance to individuals seeking information about their private rights with respect to refunds, landlord/tenant issues, automobile sales and repairs and

other marketplace occurrences. Ms. Rader stated that between 160 and 180 such calls are received each month, and that some individuals come to CALPIRG's office in person seeking similar help.

The Consumer Fraud Unit itself receives over two thousand telephone calls each month, but does not render any information or advice regarding such private rights, other than a referral to

a public assistance organization or attorney's referral service when questions concerning such rights are received. Callers are screened so as to address problems which may or do form the basis for criminal or civil law enforcement actions.

### 3. Complaint File

In conjunction with its telephone hotline, CALPIRG maintains a complaint file which permits an individual to discover the number and nature of complaints, if any, made to CALPIRG about a particular business.

The Consumer Fraud Unit, as part of a prosecutorial agency, maintains the confidentiality of complaint information until such time as a decision is made to file formal criminal charges or commence a civil law enforcement action. Therefore, no similar "complaint history" is available to the public. I am informed that CALPIRG does not engage in any type of litigation.

### CONCLUSION

In general, the Consumer Fraud Unit prosecutes those who induce marketplace failures--such as false advertising and unfair competition--and seeks to obtain restitution for victims, reimbursement for costs of investigation and prosecution (where appropriate), and fines, penalties or custody as punishment for the violator and for the purpose of deterring others similarly inclined. Such a strategy is sometimes referred to as a negative reinforcement. CALPIRG, however, purportedly engages in educational and informational activities designed to enlighten consumers before making purchases and induce seller competition for such consumer dollars via improved quality and/or lower prices which is a positive reinforcement strategy.

Respectfully submitted,  
JOHN W. WITT  
City Attorney

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